

STATE OF ILLINOIS INTERNAL AUDIT ADVISORY BOARD

Web Address: SIAAB.AUDITS.UILLINOIS.EDU

MINUTES

**Board Meeting, September 10, 2008
10:00 AM**

Call to Order

The regular meeting of the State Internal Audit Advisory Board (SIAAB) was held on September 10, 2008 at the Capital City Center, Springfield, Illinois, Room 104. Although video conferencing was connected at the JRTC, Chicago, Illinois, Room 9035, the audio function was not working properly with the video conference equipment. Therefore, Ms. Bowyer was not able to participate in this meeting.

Chair Rusti Cummings called the meeting to order at 10:20 a.m. Per Ms. Cummings request, Mary Ishmael, Office of the Comptroller attended and recorded the minutes.

Roll Call

Members Present

- Rusti Cummings, Chair – Office of the Comptroller
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Carol Kraus, Illinois Office of Internal Audits
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Barbara Ringler, Office of the Treasurer
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
- Nancy Bowyer, Office of the Secretary of State
(In Person/CMS Video Conference Room 9035, JRTC, Chicago)
As noted above, Ms. Bowyer was not able to participate in this meeting.
- Lesslie Morgan, Office of the Attorney General
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)
(Due to a prior commitment, Ms. Morgan was not present when the meeting was called to order but arrived during the fall conference discussion.)

Members Absent

Julie Zemaitis, University of Illinois

Guests

- Mary Ishmael, Office of the Comptroller
(In Person/CMS Video Conference Room #104 Capital City Center, Springfield)

Old Business

Fall Conference –

Since the meeting began without a quorum, the fall conference was discussed until Ms. Morgan arrived.

Ms. Cummings informed the Board that several speakers for the second day had not been available. The members discussed canceling the second day but decided it was important to provide inexpensive continuing education given the state's fiscal condition. In addition, the Board had implemented the requirement for 12 governmental education hours. After some discussion, the Board requested Ms. Kraus contact the alternative speakers for spreadsheet and data security topics that she had suggested. Ms. Kraus and Ms. Cummings will finalize the conference agenda by Friday. Ms. Cummings will distribute to all state internal audit managers for a registration deadline of October 1st. The Board determined that a special meeting will be held on September 24, 2008 to address the final fall conference agenda.

Minutes

The minutes of the August 13, 2008 Board meeting were reviewed and revised as follows:

1. page 2, change Sherry Raven to Sherry McRaven
2. page 4, change Clark Spanburg to Clarke Spanburg and Dave Spanburg to Dave McLaughlin.

Ms. Kraus motioned to approve the corrected minutes, Ms. Ringler seconded, and the motion carried.

Reports/Updates

CPE Coordinator – Online Peer Review Training Update

Ms. Morgan reported there was no request for online training since the last meeting.

Board Committees – Quality Assessment Review Updates

Status of Quality Assessment Reviews –

Ms. Cummings provided the Board members with an updated Quality Assurance Spreadsheet that outlines the status of each agency's review.

Ms. Cummings reported that two subsequent reviews were in progress. Mr. Rick Papuga had completed the Performance Committee External Quality Review Program. The Subsequent Review reported that the State University Retirement System had corrected the non-conformances reported in the initial Self Assessment with Independent Validation. Mr. Jim Kincaid had completed the Performance Committee External Quality Review Program for the Governor's State University. The subsequent review had concluded that all non-conformances in the initial Self Assessment with Independent Validation had been corrected.

Three quality assurance projects were in progress. The Secretary of State and Illinois Office of the Comptroller status remain unchanged. For the Illinois Office of Internal Audit's External Review, it was discussed that the draft report presented the Chief Audit Executive's statement before the team's statement. However, the Quality Assurance Reviews Frequently Asked Questions document from the Board's website indicates that these should be in the reverse order for an External Review. After discussion, it was agreed that the draft should be revised to present the Team's statement first with the Chief Audit Executive's concurrence second.

Ms. Cummings advised the Board that it was necessary to determine who could serve as the Executive and Performance Committee members for these quality assurance projects. In accordance with the By-laws, the Executive Committee is the Vice Chair (Ms. Kraus), Chair (Ms. Cummings), and Immediate Past Chair (Ms. Morgan). The Performance Committee is usually the Vice Chair (Ms. Kraus) and the non-Board state internal audit managers who have volunteered to assist in completing the Performance Committee's External Quality Review Program. With the improved understanding of the Open Meetings Act, it would be necessary for a quorum of committee members to be present for the Executive and Performance Committee meetings. This creates a problem as many non-Board member volunteers are located outside Springfield. It appears unreasonable to ask these individuals to travel to Springfield in tight fiscal conditions for a Performance Committee meeting which might only last a few minutes.

The Board discussed the current bylaw provisions for the Performance Committee structure. A motion was made by Ms. Kraus and seconded by Ms. Ringler to revise the bylaws to require only the Board's Vice Chair be a Performance Committee member and change the non-Board volunteers to Special Assistants who are not members of the Performance Committee but provide assistance to the Vice Chair in carrying out the Performance Committee External Review Program. The new bylaw language shall read as follows:

~~The Performance Committee shall be comprised of at least three (3) members selected by the Chair and approved by the Board~~ the Board's Vice Chair. ~~The Board's Chair shall appoint the Chair of the Performance Committee.~~ The Vice Chair shall be assisted by volunteers known as Special Assistants to the Performance Committee. ~~All members of the Performance Committee~~ These Assistants shall be selected by the Board Chair, approved by the Board, and must be Board members, Chief Internal Auditors or Audit Managers of a State Audit Organization. Special Assistants shall serve a one year term, but may be reappointed and serve until replaced.

Since Ms. Kraus is the Chief Audit Executive of the Illinois Office of Internal Audit, she can not serve as an Executive Committee member or the Performance Committee Chair for that Quality Assurance Review. Ms. Cummings motioned that Ms. Ringler be appointed to serve as Performance Committee Chair for this Quality Assurance Review. This was seconded by Ms. Morgan and approved by the Board. Therefore, the individuals serving on the Illinois Office of Internal Audit's project are as follows:

Chief Audit Executive is Ms. Kraus

External Review Team was Velma Butler and Company

Special Assistant to the Performance Committee was Ms. Stacy Smith

Performance Committee is Ms. Ringler
Executive is Ms. Morgan and Ms. Cummings

As for the State University Retirement System, the following individuals shall serve on the Subsequent Review of the Self Assessment with Independent Validation:

Chief Audit Executive is Mr. Steve Hayward
Independent Validator was Ms. Stacy Smith
Special Assistant to the Performance Committee was Mr. Rick Papuga
Performance Committee is Ms. Kraus
Executive is Ms. Morgan and Ms. Cummings

As for the Governor's State University, the following individuals shall serve on the Subsequent Review of the Self Assessment with Independent Validation:

Chief Audit Executive is Mr. Dave Dixon
Independent Validator was Mr. John Meehan
Special Assistant to the Performance Committee was Mr. Jim Kincaid
Performance Committee is Ms. Kraus
Executive is Ms. Morgan and Ms. Cummings

As for the Illinois Office of the Comptroller, it was disclosed that Ms. Morgan has a conflict that would prevent her from performing the Executive Committee duties for this project. Ms. Kraus can not serve as the Performance Committee chair as Ms. Cummings is currently assigned to serve as Executive Chair on the Illinois Office of Internal Audit's review. Ms. Ringler also has an independence impairment. The Board members decided that the following individuals shall serve on the Self Assessment with Independent Validation for the Illinois Office of the Comptroller:

Chief Audit Executive is Ms. Cummings
Independent Validator was Ms. Laura Scott
Performance Committee is Ms. Zemaitis
Executive is Ms. Bowyer and Ms. Zemaitis

New Business

Ms. Cummings informed the Board that Ms. Zemaitis emailed that she would like the Board to discuss the Institute of Internal Auditor's Tool 19 and the Board's Peer Review Matrix at the October meeting. Ms. Morgan indicated she did not have the most current version of Tool 19 but did have the prior version. Ms. Kraus indicated that she could purchase the newest version. Ms. Cummings and Ms. Ringler indicated that their offices did not have Tool 19 since the Board had previously decided not to use it.

Announcements

As noted above, a special meeting will be held on September 24, 2008 – 10:00 a.m. at the Capital City Center's Video Conference Room #104, 130 West Mason, Springfield, Illinois. For those attending via video conference in Chicago, the JRTC Room 9035 has been reserved. This

meeting will discuss the final fall conference agenda and any action to be taken with regards to the external reviews.

Adjournment

A motion to adjourn the Regular Session was made by Ms. Morgan and seconded by Ms. Kraus. Motion passed and meeting was adjourned at 12:55 pm.

Performance Committee - no business at this time.

Executive Committee – no business at this time.